

SENATE BILL 3592

By Ketron

AN ACT to amend Tennessee Code Annotated, Section 9-8-108 relative to the board of claims and to amend Section 12-3-908(a), relative to insurance for the State.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 9-8-108(a), is amended by deleting the word "and" at the end of subdivision (9), by adding the following as a new subdivision (10) and by renumbering the subsequent subdivisions accordingly:

(10) Is authorized to establish incentive programs for state departments, agencies and institutions, including public institutions of higher education, for the purpose of reducing liabilities to the risk management fund created pursuant to § 9-8-109. Such incentive programs may include, but are not limited to, differential premium rates based on participation in loss control programs established by the board of claims, increased or decreased deductibles based on participation in loss control programs established by the board, and the imposition of fines and penalties. Any such premiums, deductibles, fines, or penalties shall be paid from the budget of the respective department, agency or institution and deposited into the risk management fund; and

SECTION 2. Tennessee Code Annotated, Section 9-8-108, is amended by adding the following as a new subdivision (c) at the end thereof:

(c) Prior to the acquisition of any commercial grade motor vehicle by any state department, agency, or institution, including any public institution of higher education, such department, agency or institution shall procure bids for obtaining appropriate levels of insurance on such motor vehicle as shall be determined by the board of claims. The board of claims shall determine by policy the type motor vehicles that shall be

considered commercial grade motor vehicles for purposes of this subsection. The department, agency or institution shall maintain such insurance coverage during the time the department, agency or institution owns the motor vehicle. The board of claims is authorized, at its discretion, to review and approve the insurance company from which the insurance shall be procured, the amount of the premiums and the period of the insurance policy. For purposes of this section, "acquisition" means by purchase, devise, gift or otherwise.

SECTION 3. Tennessee Code Annotated, Section 12-3-908(a), is amended by deleting subdivision (1)(A) thereof in its entirety and by substituting instead the following:

(A) Have a minimum A.M. Best Financial Strength Rating of "A-" and an A.M. Best Financial Size Category of no less than "VI", or such other A.M. Best rating as may be established by the board of claims provided that the Financial Strength Rating shall not be less than "A-" and the A.M. Best Financial Size Category shall not be less than "VI"; and

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.